Evaluating State Based Economic Development Policy:

Learning from Atlantic City

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Abstract

Economic development planning has increasingly become a primary function of state governments. Imbued with extensive powers, state economic development authorities and other special entities utilize incentives and other techniques to attract and retain businesses within a community in order to bring increased growth, jobs and tax revenues. However, the economic development planning undertaken by these organizations often lacks rigorous evaluation methods or concrete development goals, with state agencies instead going about economic development with good intentions, but bad practices. This is troubling because these entities utilize vast sums of state revenue and expansive powers, such as eminent domain, to engage in economic development without a clear understanding of what the outcomes and impacts of state actions will be.

Atlantic City, New Jersey serves as a unique case study for this form of economic development. Since the legalization of casino gaming in the city in 1976, the State of New Jersey has been heavily involved in the development of the city's economy and has engaged in large-scale urban renewal programming as a form of economic development. Through a variety of agencies, including the Casino Reinvestment Development Authority and New Jersey Economic Development Authority, the State has utilized a variety of economic development practices including eminent domain, tax credits and incentives to go about the redevelopment of Atlantic City.

Through the exploration of three specific development programs undertaken by the State: eminent domain, financial incentives, and public-private partnerships, this thesis critically evaluates the economic policies of the State of New Jersey in order to provide detailed analysis of the impacts and outcomes of these policies, including those traditionally overlooked by economic development practitioners. Ultimately, concluding that the State's use of economic development planning has been inadequate and at times run contrary to a holistic economic development strategy intended to uplift a very depressed and economically disadvantaged Atlantic City.

Introduction

Economic development planning has increasingly become a focus of state resources and energy. States and local municipalities utilize large amounts of government funds and exercise the powers of the state to improve and promote a jurisdictions economy. This form of development planning incorporates a wide variety of policies, incentives, tax breaks and other strategies to prime the pump of economic development. Typical of economic development planning is a focus on job creation and taxable growth. Municipalities implement different systems of incentives to create new economic development, with this wide variety of economic development techniques implemented across the country, it becomes difficult to accurately assess or compare a municipality's success at implementing economic development policies.

Since 1976 the State of New Jersey has been engaged in a unique economic development strategy in Atlantic City: legalized casino gaming. The constitutional amendment that legalized gaming heralded casino development as "a unique tool for urban redevelopment for Atlantic City" (N.J. Stat. Ann §5:12-1 to 190, 1976), and since its legalization, Atlantic City has utilized large beachfront casino development as the primary driver of the local economy, with the state receiving millions of dollars yearly from taxes on casino revenue. Currently over 30% of the Atlantic City economy is related to hospitality services, primarily as a result of the large casino industry (see Figure 1.1). The city has gone through periods of great success, but more recently it has been in a long period of decline, as fewer tourists visit the city and casino gaming becomes legal in adjacent states (Fabricant, 2005). Since 2014, five of Atlantic City's twelve casinos have closed, including the former "eighth wonder of the world," the Trump Taj Mahal, which closed in October of 2016 (Huba, 2016; Figure 1.2).

Fig 1.1 Atlantic County Economy by Sector (2013)

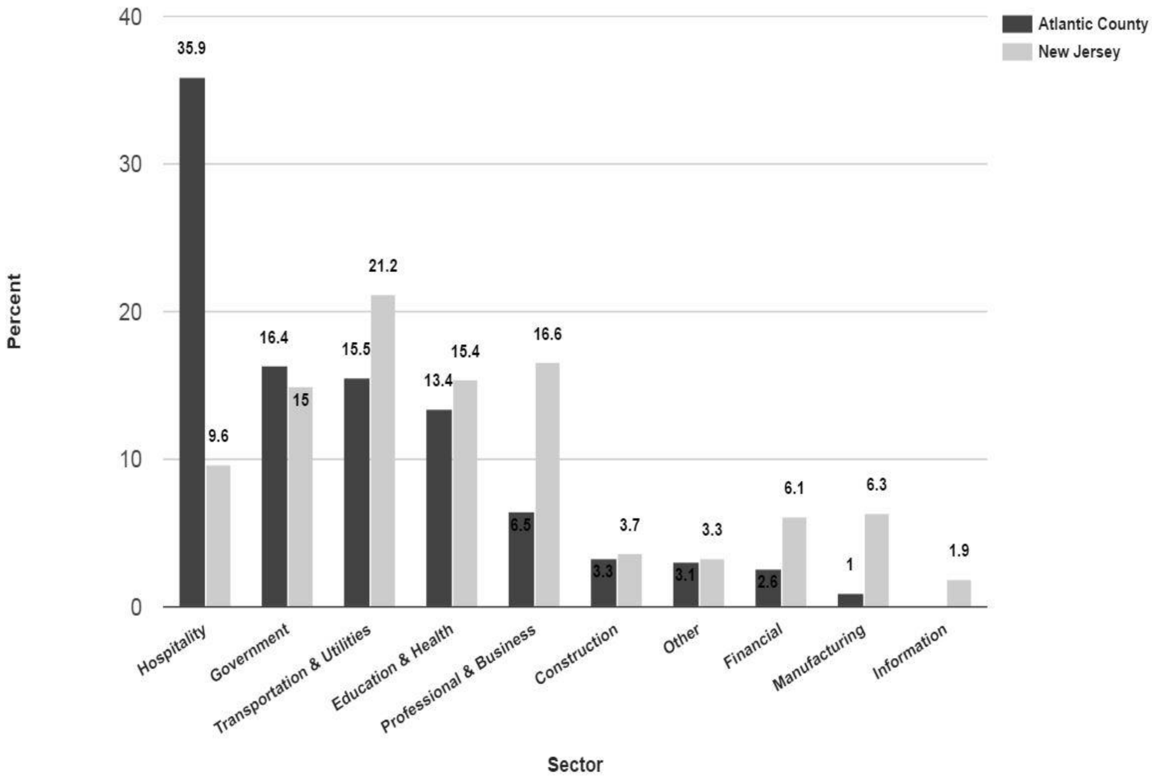


Fig 1.2 Atlantic City Casinos		
Casino	Year Opened	Status
Atlantic Club Casino	1980	Closed
Bally's	1979	
Caesars	1979	
Golden Nugget	1985	
Harrah's	1980	
Resorts	1978	
Revel	2012	Closed
Showboat	1987	Closed
The Borgata	2003	
Tropicana	1981	
Trump Plaza	1984	Closed
Trump Taj Mahal	1990	Closed

The State of New Jersey has played a very important and controlling role in the economic development of Atlantic City establishing a number of agencies to oversee a variety of development programs within the city. These policies and strategies, utilized for the redevelopment of the city, provide for a unique study of economic development planning in the United States.

Focusing on state economic development policy and practice, this thesis explores how New Jersey has utilized condemnation; grant programs, and public-private partnerships (PPP) as well as other incentives to redevelop Atlantic City. It seeks to critically examine economic development policy, evaluate project goals, programmatic outcomes, and community-wide impacts of economic redevelopment, including those unexamined by the State in its economic development calculus. The ultimate objective being to analyze government redevelopment activities in order to make recommendations on how economic development planning can be better implemented in Atlantic City.

The primary subject of this thesis is the New Jersey's Casino Reinvestment Development Authority (CRDA), which has been the primary State economic development entity in Atlantic City, since its founding in 1984. In addition, this thesis explores recent economic development projects undertaken by the state in varying capacities, including the recent use of PPP, and the New Jersey Economic Development Authority's (NJEDA), Economic Redevelopment and Growth Grant program (ERG). While this history of economic development planning in Atlantic City is extensive, the focus of this thesis is on economic development post-2011, when the New Jersey Legislature expanded the CRDA's powers in Atlantic City and shifted its development practice to focus on the development of the Atlantic City Tourism District (Figure 1.3 & Figure 1.4).

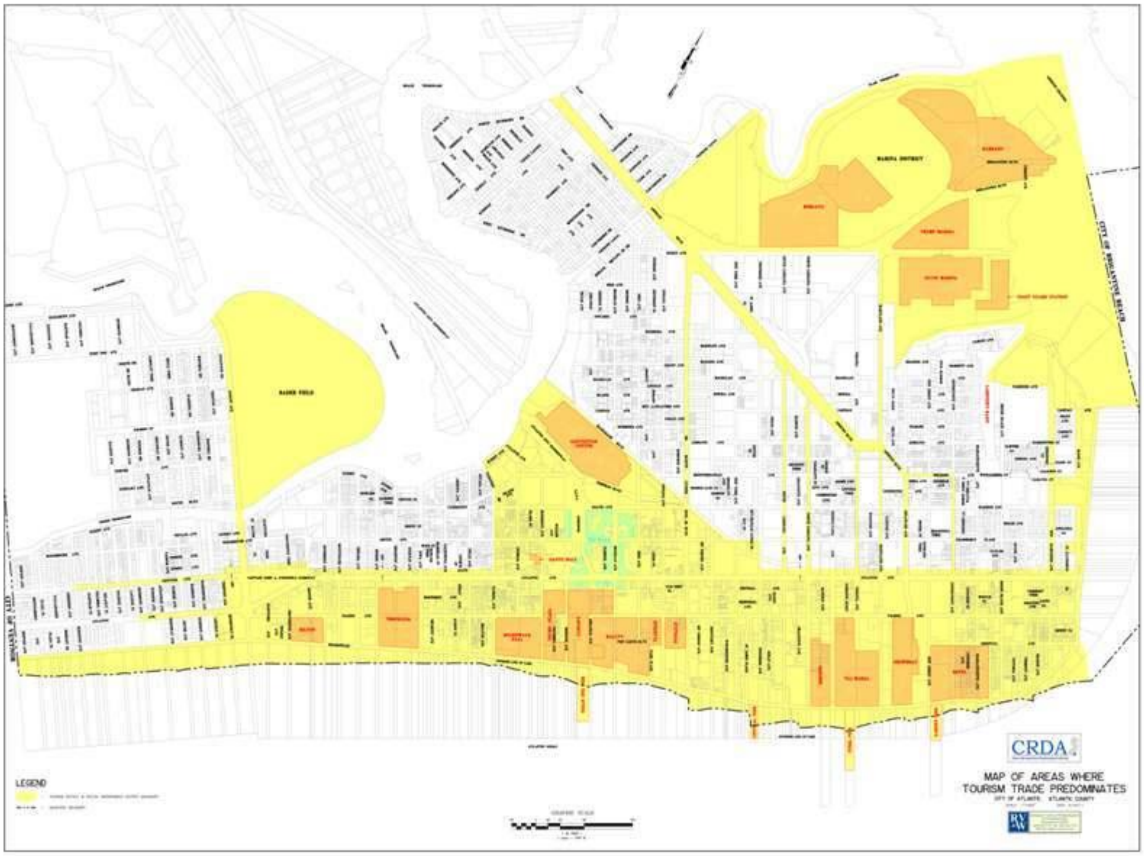


Figure 1.3 Atlantic City Tourism District

Figure 1.4 Atlantic City Tourism District Points of Interest

Figure 1.5 Neighborhoods of Atlantic City

Research Significance

Atlantic City's economic redevelopment is uncertain. Its continuing reliance on the failed casino gaming industry as primary driver of development has left Atlantic City broke and with few assets. New planning, driven by the CRDA, has refocused the economy away from gambling, but still places a heavy emphasis on Atlantic City's tourism industry whose failure in the 1960's first prompted the State to legalize casino gaming. The ambiguous "claim anything that falls" model of economic development is not enough when the solvency of the City and the livelihood of so many community members are at stake. With the State's increasingly heavy involvement in the economic development and management of Atlantic City additional analysis and evaluation must be done to ensure that the policies being implemented by the State in Atlantic City are in fact improving the economic development of the community, including local businesses and residents and not solely improving the well-being of select developers who utilize public economic development incentives for private gains.

Investigating policy effectiveness and creating a critical methodology for evaluating economic development is crucial to the creation of improved economic development policy throughout the United States. Considering the ambiguities of economic development, the review and evaluation of development policy is crucial for improving and refining future development policy. From this research and analysis New Jersey and Atlantic City development practitioners will be better able to evaluate the impacts and outcomes of policy action, with the hope that future polocies could be modified to achieve more beneficial outcomes. Outside of Atlantic City, development professionals will be more informed regarding economic development strategies and how these techniques could be better incorporated into local development practice. Over all, the research suggests new insights into economic development and perhaps the movement away from the ambiguous “claim anything that falls” model into a more clear and holistic model of economic development policy.

Literature Review

Establishing a Precedent for Critical Economic Development Policy

Economic development is comprised of a variety of activities, with every state and municipality in the United States subscribing to a different method and strategy to promote local economic development. The most common form of economic development practiced across the United States is the provision of location and retention incentive policies, often focusing on specific firms or attracting specific industries to a community (Porter, 2000; Markusen, 2007). This practice includes incentives such as large tax abatements on property or payroll and discounted municipal utility rates (Porter, 2000). Frequently, economic development entities work closely with other entities of the State to produce a coordinated and comprehensive strategy to attract a potential firm in a highly competitive environment where the municipality is also competing with its direct neighbors as well as other municipalities across the United States. While economic development through firm- specific incentives is the most common strategy across the United States, these types of economic development policies tend to be highly inefficient and often revenue negative for the municipality (Bartik, 1991). This is because the regional competition to locate firms often creates a municipal a race to the bottom where two communities compete to offer the best relocation incentives to a company (Fisher and Peters, 2004). Nevertheless, these direct subsidies remain common due to challenges associated with implementing other types of policy and evaluating the impacts of economic development.

Given local economic development's highly specific nature and the complexities around quantifying local economic impacts, this incentive-focused programming is difficult to measure and compare. Frequently the only evaluation that is done is the aggregation of quantitative metrics, such as job creation, without a more critical evaluation of the local outcomes of policy

(Clarke and Gaile, 1992). While quantitative evaluation provides some insight into development policy, a more critical evaluation of development goals and policy outcomes is required to understand the full impact of state economic development policy (Fasenfest and Reese, 1997).

This lack of consistent or critical evaluation standards coupled with the strong political pressure felt by economic development entities to implement specific types of projects makes economic development evaluation “a quagmire of good intentions and bad measures” (Clarke and Gaile, 1992, p. 193), often resulting in development practitioners taking on a “shoot anything that flies, claim anything that falls” mentality to their work (Ruben, 1988, p. 237). The ambiguities of local economic development policy therefore create a condition where a practitioner may engage in development actions, or offer millions of dollars in incentives without a clear understanding of what the result of these actions will be, or even an effective methodology to measure the consequences of this spending. This results in an improvisational strategy to economic development, which lacks rigorous evaluation of the policy and only a vague understanding of a policy's success or failure, precluding an economic development entity’s ability to learn from past mistakes or improve economic development practice in the future.

This lack of consistent or robust evaluation methods requires practitioners and planning scholars to be more critical in their analysis of economic development programming (Shapiro, 1981). Important to this critical analysis is a study of economic development actors and their actions, specifically understanding the social and political structures in which the development actors engage in when enacting development policy (Beauregard, 1993 p.268). Solely following the “claim anything that falls” (Ruben, 1988) model of economic development is problematic because it legitimizes certain acts and consequences without the necessary rationale or evidence to support the program's implementation or continuation. Further, this model delegitimizes other impacts of policies that do not fit into the political narrative of economic development. Often in economic development practice "'economic' is an ideological statement meant to deflect attention from the inherently political nature of economic development" (Beauregard, 1993 p.269), and solely allowing actors to claim unambiguous economic successes allows programmatic failures or unintended consequences to be ignored, again reducing the ability for development policy to be reworked or improved. This is why critical evaluation away from quantitative measures needs to be utilized when evaluating economic development policy.

Job growth is one metric for quantifying economic development success currently utilized by practitioners. However, continuing Beauregard's discussion of economic as an ideological term, growth also becomes a political term that must be examined and evaluated. An economic development practitioner whose imperative is to pursue economic growth as measured by increased jobs, will likely ignore the tradeoffs between efficiency and equity in public investment, leaving out an analysis of "growth for whom?" when developing and implementing economic development programming (Fainstein, 2010).

This oversight allows for projects to be interpreted as successes solely by the large number of people employed, without understanding the types or quality of jobs created. In Atlantic City, this is especially important, as the tourist economy is highly seasonal. While jobs may be created through developing tourist attractions, employment is unlikely to be full time or year round. In addition, the numerical quantification of jobs "fails to indicate that economic development, as a process and a practice is a long term, ongoing enterprise" (Feser and Malizia, 1999 p.13). Instead practitioners seek quantifiable growth, which can be benchmarked and tracked year to year, instead of working towards creating robust long-term changes and resilience in a city's economy (Malizia, 1990).

State economic development policies in the United States must not only be understood as altruistic planning done to benefit communities, but also as a product of increasing State control of municipal and urban entities (Nickels, 2016). In the United States municipalities are provided their authority through the devolution of power from the State, and while these powers traditionally have been sacrosanct, states, including New Jersey have begun to roll back municipal powers, particularly as it relates to municipal spending and budgets, as part of a larger move towards more conservative governance. Based on neoliberal principals of the shrinking state and the broad reduction of government services to a community municipal takeovers and other austerity policies, are frequently implemented in times of municipal financial distress. (Peck, 2012).

In New Jersey, the power to take over a municipality is articulated in the Local Government Supervision Act (LGSA), which empowers the state to "make provision for the imposition of special restraints upon municipalities in, or in danger of falling into, unsound financial condition and in this way to forestall serious defaults upon local obligations and demoralized finances that burden local taxpayers and destroy the efficiency of local services" (N.J. STAT. ANN. § 52:27BB-54, 2001). This law has been utilized by the State to slash municipal budgets through renegotiating labor contracts and pension plans of municipal workers along with other austerity measures. The legislation has also been used to privatize municipal utilities such as water and sewerage (Nickels, 2016, p.198). While the sale of municipal assets can generate capital quickly and remove an expensive public service from the books, it also removes a crucial non-property tax source of revenue, making a city even more reliant on property taxes to fund municipal activity, which according to the Government Accountability Office (GAO), will not rebound nationally until 2040, significantly limiting a municipality's ability to rise out of an unsound or precarious financial condition (Peck, 2012, p. 627).

These severe austerity policies are not the only way to address economic problems, and in the context of economic development these policies impede a community's growth. Municipal jobs are often some of the few quality jobs available in a community, providing a living wage, strong pension and labor representation. Additionally, public assets can be better leveraged to help generate strong economic development if kept in a municipality's control as opposed to being sold to a private operator. Over 100 municipal workers have already been fired in Atlantic City due to the austerity policies placed upon the City government by the State (Burdo, 2016). The threat is that the State's search for ambiguous growth and immediate economic returns will limit the potential success of economic development planning and Atlantic City's ability to create a diverse and sustainable economy.

In Atlantic City, community advocacy groups such as the NAACP and ACLU have spoken out against the state takeover, citing the erosion of democratic principles of local self-governance. They are particularly wary of the racial and social implications this policy promotes, namely the perception that poor, mostly African American urban communities are incapable of managing themselves and instead need a heavy handed suburban State government to do so (Braun, 2016; Giroux, 2006; Polmar, 2017). Due to the extensive powers provided to the Governor and his agents by the LGSA, additional concerns regarding the state's austerity policies have been raised, specifically relating to how much power the executive has in controlling state takeover of a municipality. Citing New Jersey Governor Chris Christie's open advocacy for the privatization of public utilities and the involvement of George Norcross III (an insurance executive, whose brother, Philip, represents New Jersey American Water), in Atlantic City's fiscal takeover, some worry that strict austerity policies are underpinned by more than responsible governance, and could involve the selling of Atlantic City's water supply to a private company for both ideological and personal-political reasons (Hetrick & Post, 2016; Walsh, 2016; Atlantic City Resident, 2017).

Exploring the History of Casino Driven Economic Development in Atlantic City

State economic development policy in Atlantic City focused on growth based on developing the casino economy as a catalyst for the expansion of the City's tourism industry. The original intent was to have casino visitors spill out onto the streets and enjoy the other amenities, such as nightclubs and dance halls, producing an economic trickle-down effect. In theory as casinos succeeded, so would the adjacent businesses, increasing jobs, and importantly for the economically depressed region, increase real estate values. This trickle down policy sought to raise property values in areas adjacent to casino development in order to increase taxes collected (Eadington, 1996).

For the State, the legalization of gambling was a very effective tool for increasing real estate values. However as real estate value is primarily connected to a properties location and association with a location, the legalization of gambling made real estate more expensive without changing the property's physical condition or use value, creating blocks of expensive but poor quality properties (Fainstein, 1994; Rubenstein, 1984). While proximity to casinos made property more valuable, this was due to increased speculative development and not material changes to the housing stock, producing an extreme imbalance in the market, which favored property speculators over residents.

Large casino development created a large speculative real estate market which significantly increased the value of old residential buildings adjacent to beachfront casinos. Between 1978 and 1980 speculation brought assessed property values up in areas from $8-$9 a square foot to as high as $150 per square foot (Rubenstein, 1984 p.68). In addition, Atlantic City's use of eminent domain to support casino developments contributed to decreased investment in local residential property. Largely done as a service to ease casino's expansion, the State's use of condemnation disincentivized landlords, particularly in the South Inlet, Gardener's Basin and along the Boardwalk, to improve their properties, prompting landlords to walk away from these properties, leaving many buildings abandoned and many houses became victims of arson (Anastasia, 1981; Hawkins, 1982, p. 94).

Even success in promoting Atlantic City and increasing visitors during the 1980's and 1990's did not translate into larger urban economic development (Braunlich, 1996 p.56). While casinos and the City rebuilt the iconic Boardwalk, the rest of Atlantic City did not receive the same level of investment. In "Casino Gambling in Atlantic City: Issues of Development and Redevelopment" Rubenstein (1984) identifies two primary reasons for the failure of this trickle down development strategy. First, casino design and management, which discouraged external interactions or cooperation, placed casino success in opposition to larger community successes. Second, the development of casinos along the boardwalk produced large-scale land speculation in adjacent areas, causing massive residential displacement and the abandonment of former middle income and seasonal residential neighborhoods hollowing out Atlantic City's working class.

Designed to be all-inclusive resorts, casinos focus on keeping visitors within their walls for the longest time possible. Gaming floors are notorious for eliminating clocks and mirrors, in an effort to disorientate the guest. Further, state regulations banning gambling from being visible to the public prevent natural light from reaching gaming parlors, creating very confusing and “labyrinthine” spaces (Morini, 2017). Gamblers are purposefully dislocated with the intent of keeping them at the blackjack table or slot machine (Freidman, 2000). Casinos in Atlantic City have continuously resisted banning smoking indoors because it would result in gamblers stepping away from the slots, hurting the casino’s bottom line (Casino Connection, 2006). A casino’s exterior design also follows similar tenets; while on the whole architectural spectacles, casinos pay little attention to the smaller scales, particularly the pedestrian experience and urban streetscape interface, seen in Figure 3.1. While opulent from certain angles, Atlantic City’s casinos were built block after block with large monolithic concrete walls at the pedestrian level.

Although New Jersey’s original intent was for casino success to lift up the city’s economy, casino developers and the business model insisted on a system that shunned Atlantic City as a community. Focusing on retaining gamblers within their tightly controlled spaces, as seen in Figure 3.2. Some long-time Atlantic City residents went so far as to claim casinos have benefited from the unsafe and unclean condition of Atlantic City because it kept visitors, and their money, inside the large resort casino complexes (Polmar, 2017; Atlantic City Resident, 2017).

Figure 3.1 Revel Casino at street level **Figure 3.2 Tropicana Casino**

Background & Context

Background to Atlantic City's Economic Development

In 1976 Atlantic City became the only municipality on the East Coast to allow casino gaming. Once legalized, gaming became a state supported monopoly both supported and regulated by New Jersey, and this "mere availability" of gambling was enough to guarantee the early economic success of Atlantic City's casinos (Roehl, 1996 p.61). New Jersey heavily regulated the casino industry placing substantial taxes on gaming revenues, but because Atlantic City was the only opportunity for gambling east of the Mississippi River, the casinos found early success (Eadington, 1996). But this initial prosperity gave way to pressure from other resorts established in adjacent states disrupting the success of New Jersey's unique economic development experiment.

Atlantic City's initial monopoly on East Coast gaming lasted for 16 years, as casinos on Native American reservations and further legalization of "racino" gambling in neighboring northeastern states significantly reduced the regional demand for a single gaming destination and ultimately shrunk the city's market share. Foxwoods Resort Casino opened in 1992, only one year before Trump's Taj Mahal, soon became the highest grossing casino in the United States, breaking Atlantic City's monopoly and taking a substantial portion of the Northeast gaming revenue (Braunlich, 1996 p.55). As saturation of the market increased, Atlantic City's casino industry began to stagnate; first table games lost revenue, followed by the more robust slot machines (Center for Gaming Research, 2016). As seen in Figure 4.1 casino revenue has consistently decreased from 2006 onwards only rebounding in 2016 after the State legalized online gaming, which does nothing for the City's tourist economy.

Competition from outside Atlantic City resulted in not just the stagnation of the casino economy, but also the stagnation of the city's economy, prompting the State to reexamine its economic development strategies. New policies incentivized the creation of casino resorts, such as the Borgata Hotel Casino and Spa, which opened in 2003, to remain competitive with new facilities built in other states (Stansfield 1998). Yet even with these new development strategies and the intensive state support for casino-based tourism, since 2008 Atlantic City's casinos have recorded consistent losses. Since 2014, five casinos including the $2.4 billion Revel Casino and Trump Taj Mahal have closed. New Jersey's recent legalization of online casino gaming made 2016 the first year the city's casinos recorded increased revenue from gaming in over a decade. While beneficial to the State Treasury this legalization of online gaming did little to reverse the decline in visitors to Atlantic City or to improve the city's economy.

New Jersey's original Casino Control Act (CCA)(1976) and subsequent casino regulations directed portions of casino profits to the redevelopment of Atlantic City and New Jersey. However, these original state regulations did not produce their desired impacts due to the poor coordination of State policy and significant tax loopholes written into the legislation

(Rubenstein, 1984 p. 68). Primarily, this legislation promulgated the property speculation that began almost immediately after its passage on properties adjacent to casinos along the Boardwalk and Atlantic and Pacific Avenues. State inaction to prevent speculation coupled with highly selective tax reassessment and unplanned casino driven rezoning produced large numbers of property sales by speculative investors hoping to sell to the next casino developer, driving out existing Atlantic City residents, who could no longer afford to live in Atlantic City (Rubenstein, 1984 p. 70).

By 1980, the use value of residential property dropped significantly in comparison to the property's exchange value in the real estate market. While casino development raised land prices and increased the amount of tax collected by the State, it forced working and middle class residents out of Atlantic City and into Atlantic County suburbs, an unanalyzed consequence of casino-driven economic development. This failure of policy forced the State of New Jersey to again reexamine its development strategy in order to better manage and coordinate casino-based reinvestment. This led to the State's creation of the CRDA in 1984.

The CRDA's original mission was to develop blighted areas of Atlantic City and fund urban redevelopment programs in New Jersey at large. Instead of expecting casinos to fund reinvestment on their own as legislated by the original CCA, the State endowed the CRDA with the power to issue tax-free bonds which were then bought by casinos in lieu of the previous redevelopment tax, known as the investment alternative tax (IAT) (N.J Stat. Ann §5:12-114.1a(2)). Originally these bonds primarily financed affordable housing in Atlantic City, but as Downey (1990) articulates, the implementation of this investment was highly problematic: "first Atlantic City has not proven itself to be a good market place for this level of housing. Second such exclusive concentration [of low income housing] runs contrary to the original intent of the

CCA" (Downey, 1990 p.713-714). While Atlantic City's housing stock diminished through speculation-driven filtering and the abandonment of lower valued residential properties on high valued lots, the need for low-income housing was neither as strong as the CRDA's housing study suggested, nor did it promote a complete revitalization for Atlantic City, which was the intent of the CCA (Downey, 1990 p.717).

According to Downey's analysis, while alleviating substandard housing was an important and substantial portion of the State's urban redevelopment and neighborhood reinvestment plan, it became the primary focus of the CRDA. Instead of considering all the needs of the community, such as commercial and community development projects, the CRDA exclusively focused on the creation of affordable housing at the expense of other types of development. Downy argues that this interpretation of the CCA did not meet the "framer's intent", which instructs that the CRDA fund "a broad, gradual redevelopment of *all* aspects of the city "(Downey, 1990 p.719-720; Lampen, 1982). While the CRDA created housing, these low-income residential projects lacked the necessary services and local commercial amenities necessary to create community wide redevelopment. The result of these policies was instead increased middle class flight from Atlantic City to new suburban housing in Atlantic County suburbs, leaving only the poorest of Atlantic City's residents increasingly concentrated in poverty directly adjacent to new, and opulent billion dollar casinos like the Trump Taj Mahal.

In 2011, the New Jersey State legislature passed the Atlantic City Tourism District Act (C. 5-12-218), again amending the role of the CRDA in Atlantic City's redevelopment. This legislation expanded the powers of the CRDA through its takeover of the Atlantic City Convention and Visitors Authority (ACCVA) with the purpose of "maintaining public confidence in the casino gaming industry as 'a unique tool of urban redevelopment for the city of

Atlantic City' and to directly facilitate the redevelopment of existing blighted areas…" (New Jersey P.L. 1984 c.218, 2011 p.2) To achieve this, the CRDA was given additional powers including "[the power] to exercise the right of eminent domain in the City of Atlantic City… establish an 'Atlantic City Tourism District'… impose land use regulations… and adopt a tourism district master plan…" (New Jersey P.L. 1984 c218, 2011 p.5-8). Further, the legislation provided New Jersey even more expansive powers over the redevelopment of Atlantic City, mandating that if Atlantic City was unable or unwilling to comply with CRDA land use decisions, "the Department of Community Affairs shall… assume jurisdiction over the Atlantic City Planning and Zoning Departments to provide that the authority shall receive the necessary assistance… in its implementation of the tourism district master plan" (New Jersey P.L. 1984 c218, 2011 p.9).

With this legislation, the CRDA expanded its role as provider of economic development funding to include a more traditional role as an urban renewal entity, focusing on addressing urban blight. In 2012, the CRDA produced the Tourism District Master Plan, a document that set the goals and objectives of CRDA-driven development; in the "Vision" section, the Master Plan sets out to develop "a strategic framework for near-term, mid-term and long-term project and policy initiatives that will enhance the visitor experience, stimulate private investment and improve the financial stability of Atlantic City" (CRDA, 2012 Sec 4.1.2), emphasizing the State's objective of promoting tourism as the primary industry of Atlantic City. The plan's designated large portions of the city as the Atlantic City Tourism District and further identified areas for specific policy and programmatic initiatives, including the establishment of a mixed-use casino supported development and a new arts and cultural district seen in Figure 4.2 (CRDA, 2012, Sec 4.2.2).

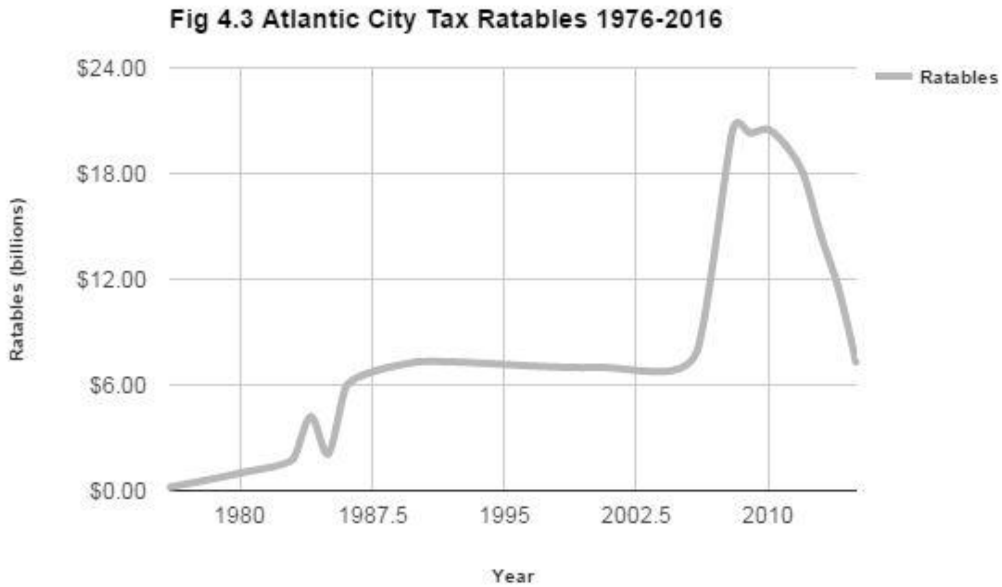
Figure 4.2 The Noyes Garage central to the Atlantic City Arts & Culture District

While the stated objectives of the Master Plan were to “improve the financial stability of Atlantic City” (CRDA, 2012, Sec 4.1.2), the City’s lack of financial stability since 2012 has significantly limited the CRDA’s ability to engage in its long-term master planning, significantly. In 2016 Atlantic City faced a fiscal crisis so severe the State had to again readjust its economic development strategy for the city to resolve this most recent problem.

Atlantic City’s Current Fiscal Condition and Context

From March to May of 2016, the State of New Jersey and the municipal government of Atlantic City engaged in intense negotiations related to Atlantic City’s massive municipal budget shortfall. The result of this negotiation was the State’s passage of the “Casino Tax Property Stabilization Act” along with other legislative acts providing Atlantic City temporary relief to its municipal debt. Mayor Donald “Don” Guardian indicated in an interview with National Public Radio that the City was just two weeks away from a municipal shutdown and default before they reached a resolution (Rose, 2016). At the heart of this crisis were five years of casino revenue decline, coupled with large increases to the residential property tax rate increases, an issue which has plagued Atlantic City development since the State's legalization of casino gaming.

Even while the State used substantial political energy and capital to promote casino driven economic growth, the casinos still failed to make the profits they had in the past. The closure of five casinos between 2012 and 2016, significantly affected the amount of tax revenue received by the City (Rose, 2016; Eide, 2016; Rojas, 2016). In addition to casino closures, the remaining casinos began certiorari proceedings against the City. Arguing that the City's decline in the gaming market reduced the casinos' property value to amounts lower than those assessed by the City in 2008. (Parry, 2016). In 2012, the New Jersey Tax Court ruled in favor of the Borgata Hotel Casino and Spa's certiorari claim and cut the property's assessed value from $2.2 billion to $880 million. It further ordered the City to pay back $62.5 million from tax year 2009-2010 and additionally provide Borgata with the right to settle for tax years 2011-2014, at $88.25 million, totaling over $170 million which the City had to pay to the Borgata (Parry, 2016; Beeson, 2013). The decision simultaneously created a billion dollar budget shortfall for the City and eliminated its ability to raise $170 million by slashing the amount of money casinos contributed to Atlantic City's property tax rolls, contributing to the steep decline in Atlantic City's ratables as seen in Figure 4.3. This, coupled with the general collapse of casino gaming and the closure of the five casinos including Revel, which in tax year 2012-2013 (its only full year in operation) accounted for 18% of Atlantic City's ratable, created immense pressure on the City to cut its budget and increase revenues by any means (Associated Press, 2014; Hetrick and Huba, 2016).



To compensate for the decrease in property tax assessed on casinos, the City began signifigantly raising the residential property tax rate. This was similar to what occurred during the property speculation of the 1980's, with the residential tax rate increasing by 113% since 2010 (Hetrick, 2016). In an attempt to reduce the tax burden on residential properties and bailout the City, the Casino Property Stabilization Act provides a 15-year local property tax exemption for existing "casino gaming property" or new casino improvements including hotels, parking lots, and conference facilities. In lieu of taxation the act establishes a formal Payment In lieu of Taxes (PILOT) based on yearly casino gaming earnings. In addition, the law also takes the IAT, formerly collected and used by the CRDA, and utilizes those funds to service the City's municipal debt (Pizarro, 2015; Rojas, 2016).

In terms of Atlantic City's long-term economic development, these policy changes have been twofold. First the changes hollowed out the CRDA's ability to fund projects based on the 2012 Tourism Master Plan, as the CRDA no longer controls the IAT funds. Second, the bailout legislation provides the City with increased state oversight, not only for economic development but also for all aspects of municipal governance. With this increased State control and the defunding of the CRDA's IAT, to pay for the City's debt service, the substantial and long term economic development planning put in place with the 2011 legislation has been severely weakened. As a result new economic development strategies, including PPPs like the $210 million "Gateway" project between South Jersey Gas, Stockton University, and the private AC DevCo have begun to emerge as significant economic development projects in Atlantic City.

Methodology

This research is a critical investigation of recent economic development policies and practices implemented in Atlantic City by the State of New Jersey. It evaluates the impacts and outcomes of economic development programs implemented since the expansion of the CRDA in 2011 and the establishment of the Atlantic City Tourism District in 2012. Specifically, evaluated are the CRDA's use of eminent domain, the use of IAT funding to incentivize economic development projects, the New Jersey Economic Development Authority's ERG Grant program and the Gateway public-private partnership which includes a wide variety of State actors and private groups.

In "Constituting Economic Development", Beauregard (1993) highlights the need for critical evaluation of economic development actors and actions to resolve the ambiguity of development impacts present in modern mainstream economic development planning. This means including particular focus on the economic development techniques utilized by different levels of government, and how the variety of economic development agencies in New Jersey interact to contribute to Atlantic City's development. For this critical approach, techniques developed by Fasenfest and Reese (1997) in "What works best?: Values and the evaluation of local economic development policy" were used. The methodology includes: identifying economic development goals, conceptualizing how actions attempt to reach these development goals, and developing indicators to evaluate and measure the holistic impacts of economic development programs. Key to this analysis is the differentiation of outcomes, which are the direct results of an economic development program and impacts, the broader societal consequences of a program. Further, the political motivations of these development entities must be evaluated, including aspects of legislative intent, which provide insight into the goals and objectives of specific policies and provides guidance for benchmarking and future programmatic evaluation.

Articulated in "What works best?" "practical deliberation analysis" was utilized to evaluate development policy because it "explicitly addresses issues of value within the evaluation methodology" (Fasenfest and Reese, 1997 p. 201; Fisher, 1995), providing for critical analysis of economic development policy, particularity as compared to that of the more normative "claim anything that falls" model (Ruben, 1988). In practical deliberation analysis, policy actions are evaluated on four levels: 1. *Program verification* – does the action do what it was programmed to do? 2. *Situational validation*- Are these outcomes appropriate remedies for the social and economic ills facing the community? 3. *Societal vindication*- Does the development program contribute to society? Does it favor certain interests or persons over other interests? 4. *Social choice* – Are the outcomes of the program compatible with the overall order in terms of social equity and appropriate for systematic change? (Fasenfest and Reese p. 201). Importantly, this analysis focuses not just on the stated goals and objectives of the State or CRDA, but how these policies impact the economic development of Atlantic City more broadly.

Data Collection

After receiving exempt status from the Columbia University Institutional Review Board (IRB) in December 2016, evidence was collected through a number of methods. Primarily data was collected through interviews conducted with planning and economic development policy makers involved in Atlantic City's redevelopment. Primary data was also collected during two site visits to Atlantic City conducted in January and February 2017, which focused on observing and evaluating the local impacts and outcomes of these economic development policies.

Site visits and interviews provided information regarding specific policies, such as the CRDA's IAT funding program, as well as overall goals of CRDA development policy. Seen in Figure 5.1 interviews were conducted during the months of January and February 2017 with eight individuals involved in economic development in Atlantic City to varying degrees.

Fig 5.1 Interview Information	
Interviewe	Title & Affiliation
Olga Polmar	Housing Preservation and Community Development Coordinator - South Jersey Legal Services
John Reitmeyer	Journalist - NJ Spotlight
Brian Jackson	Chief Operating Officer - Stockton University Gateway Campus
Elaine Zemansky	Public Relations - CRDA
Christopher Howard	Executive Director - CRDA
Lance Landgraf	Director of Planning - CRDA
Sara Morini	Atlantic City Tourist
Atlantic City Resident	Prominent Public Figure

Historic and theoretical research was also conducted, consisting of a review of relevant scholarly literature and the collection of secondary data relating to Atlantic City and its economy. This secondary research was complemented by the study of official CRDA documents obtained through New Jersey's Open Public Records Act (OPRA) and through public government publications such as the net economic impacts analysis conducted by the NJEDA, as well as, press coverage of CRDA activities, which provided insight into the intent and purpose of the enabling legislation, as well as, quantifiable benchmarks to measure the success of specific grant projects and incentive programs.

Findings

Utilizing practical deliberation analysis as developed in Fasenfest and Reese's "What works best?" This thesis explores three economic development techniques commonly utilized by economic development entities and how these stratigies were utilized by the State of New Jersey in Atlantic City. Specifically this section focuses on the CRDA's use of eminent domain and traditional urban renewal programming in the South Inlet district, NJEDA and the CRDA grant programs developed to fund private development at the Tropicana Casino and Resort, and the Gateway private public partnership, between Stockton University, South Jersey Gas and the AC DevCo.

Eminent Domain

Established in the 5th Amendment, eminent domain has been utilized as a tool for urban redevelopment since the 1950's. In *Burman v. Parker* (1954) the Supreme Court held that condemnation could be used to take private property for a public purpose such as urban renewal (Robb, 2005 p.29). However modern interpretation allows condemnation to be utilized for a "public purpose", beyond the original and stricter "public use" interpretation. The language used by the court only requires that a project is "rationally related to a conceivable public purpose" (Jones, 2000 p.2) and this lax standard for condemnation has resulted in a long-standing presumption that any private urban redevelopment project can serve a public purpose and therefore be a legal use of eminent domain.

The negative public perception of regulatory takings by economic development entities means for the CRDA condemnation is only used as a "last resort" to take property after amicable negotiation fails (Zemansky, 2017). Without this government intervention, parcels owned by individual property owners or speculative investors must be sold piecemeal to a developer thought singular negotiations, placing developers at the mercy of holdouts who despite large offers, refuse to sell their property.

New Jersey utilized eminent domain for a variety of urban renewal projects, in the 1980's and 1990's. Condemnation provided private developers with the large parcels necessary for the expansion of extravagant casino developments without the delay or expense of negotiating buyouts. During this period the presumption that a development would serve some public purpose allowed for powerful special interest developers to pressure municipalities into utilizing condemnation for private gains and dubious public purposes (Jones, 2000 p.2). Infamously, in 1998 the CRDA utilized its power of eminent domain on behalf of Donald J. Trump to condemn three properties, including a jewelry store and a family run restaurant to construct a "parking lot, stretch limo staging area and lawn" at the Trump Plaza Casino. This condemnation action "Trump and the CRDA claimed… constituted amenities of a sufficiently 'public' nature" to justify the taking (Jones, 2000 p.7). The relaxed definition of public good enabled Trump to "manipulate Atlantic City's power of eminent domain" (Egbert & Goldiner, 1998 p.5) claiming that the CRDA's use of condemnation to construct the parking lot was a public benefit. Ultimately after a drawn out court battle the condemnation of the property was determined to be illegal, but the residents impacted had already left and closed their businesses. Seen in Figures 6.1 and 6.2 the house of Vera Coking was one of the properties condemned by the CRDA in the 1990's and remained after the condemnation was ruled illegal despite the substantial development surrounding the property (*CRDA v. Banin*, 1997).

Figure 6.1 & 6.2 House of Vera Coking – Condemned by the CRDA for the development of the Trump Plaza Casino. Later this condemnation was ruled illegal and the house remained

Even before the CRDA's use of eminent domain for the Trump Casino, Atlantic City had felt the effects of eminent domain and urban renewal programs. During the 1960's Pauline Hill, then Director of the Atlantic City Housing Authority, created the "Uptown Urban Renewal Tract" from a portion of the historically African-American Northside of Atlantic City. This project demolished large portions of the poor, but vibrant community in anticipation of large new development that would revitalize the city and its lagging tourist economy during the 1960's. As a result of Hill's efforts a new moniker was given to this district "Pauline's Prairie", in reference to the large and empty blocks of land demolished, but never rebuilt, which as seen in Figure 6.3 remain even to this day.

Figure 6.3 The South Inlet neighborhood, Pauline's Prairie and Revel Casino

Since 2011 the CRDA has taken on its own similar large redevelopment effort in the Northside neighborhood, focusing on the 17 acre South Inlet district. First assisting in the condemnation of land to be used as part of the now defunct Revel development and most recently to develop the South Inlet Mixed-Use Development Project (SIMUD). As seen in Figure 6.4 much of the property in the 17-acre South Inlet is already abandoned, primarily owned by property speculators waiting to be offered large sums for private redevelopment projects, however the CRDA also condemned numerous properties owned by Atlantic City residents as well, seen in Figure 6.5

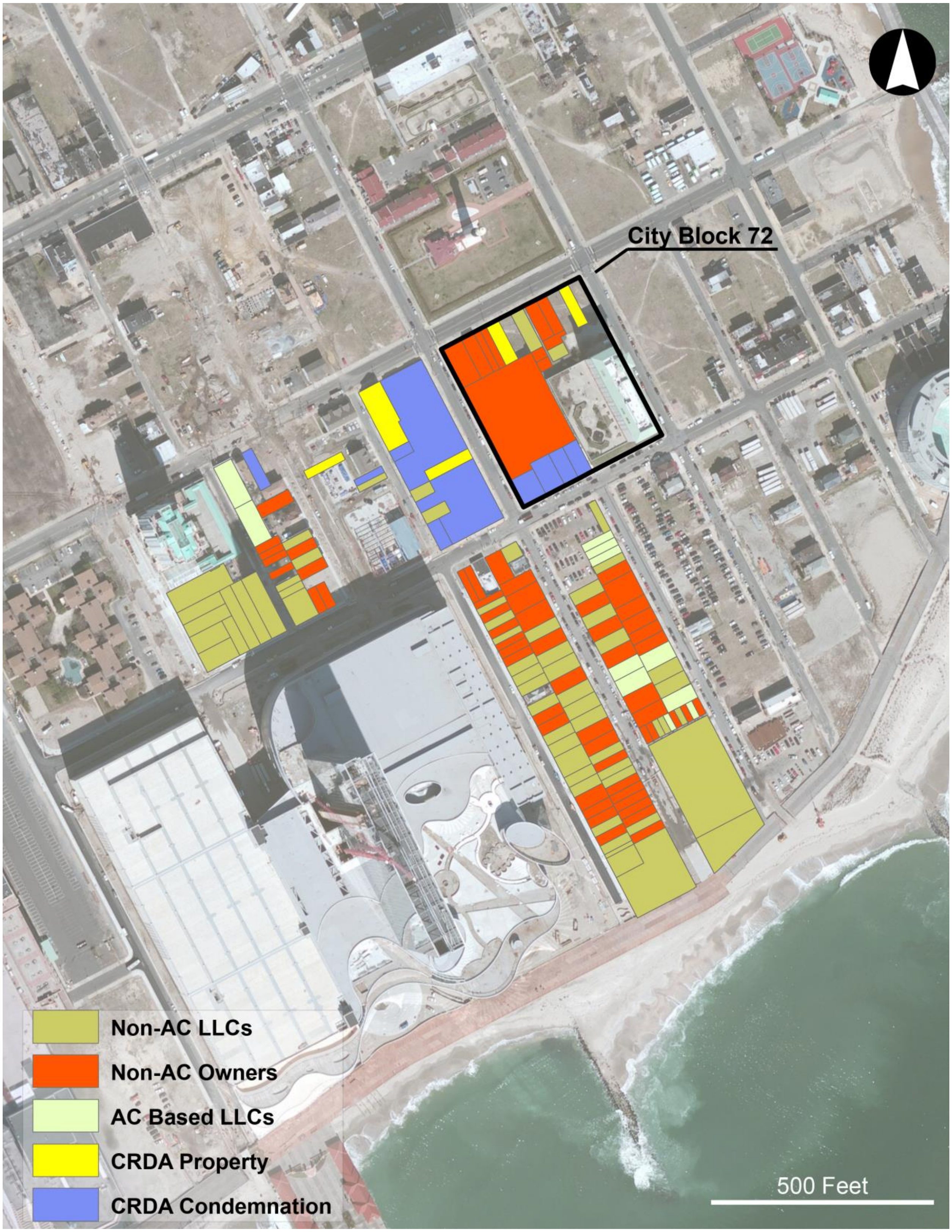


Figure 6.4 Property Ownership within the South Inlet

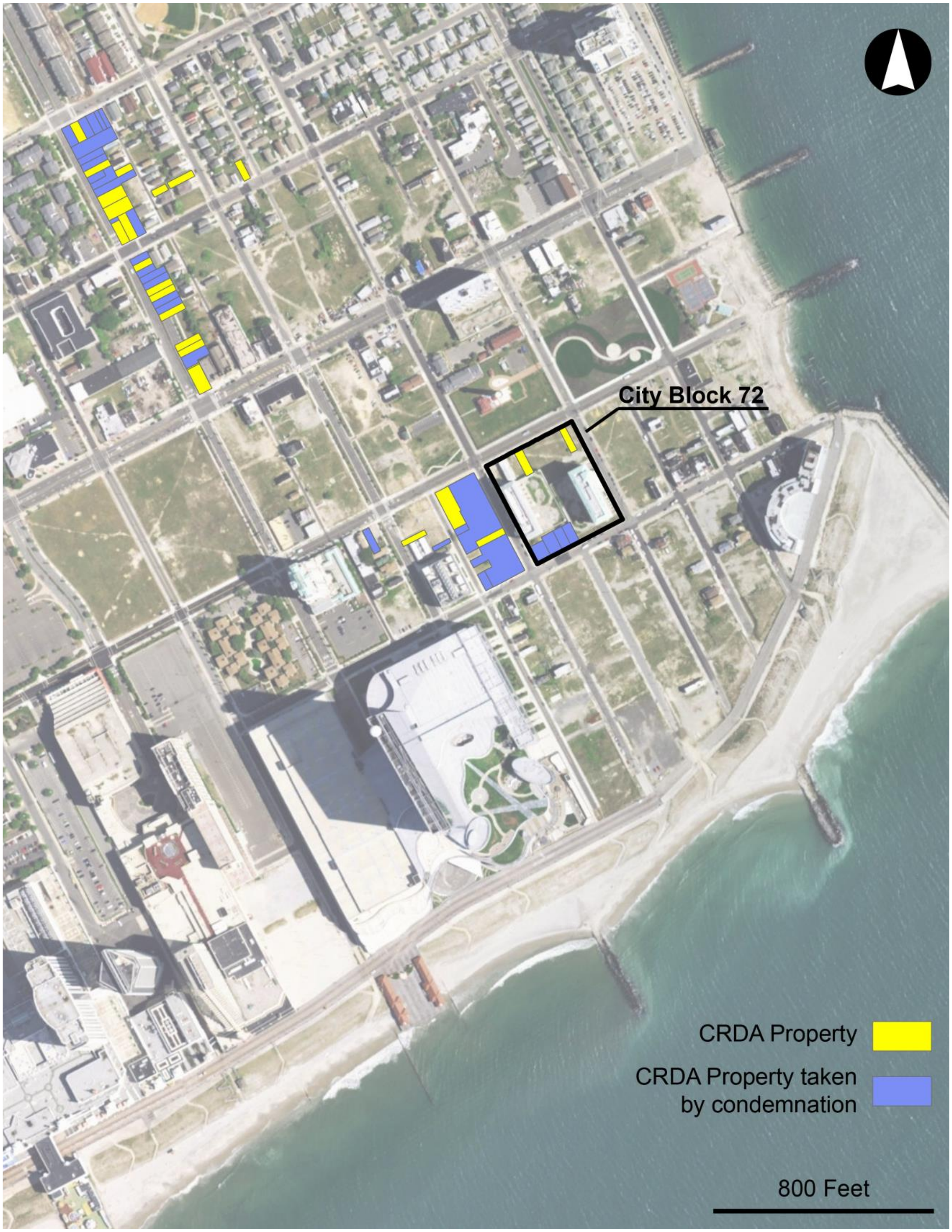


Figure 6.5 CRDA property within the South Inlet Neighborhood

According to an open letter provided by John Palmeri, former Executive Director of the CRDA, to the Press of Atlantic City, the CRDA currently owns 111 acres of property in Atlantic City, most of which is the undevelopable remains of road widening projects or already in use. According to Palmeri, only 8 acres of CRDA property are developable (Huba, 2017). Despite Palmeri's characterization of CRDA property as minimal and undevelopable, since 2012 the CRDA has begun the acquisition of properties within the South Inlet neighborhood through buyouts and condemnation with the explicit intent to redevelop this area (Kramer, 2015). This has resulted in the CRDA's possession of 2 acres of property the South Inlet including the majority of City Block 70, which has been totally demolished and is disused, seen in Figure 6.6.

Figure 6.6 Sign posted on CRDA property of City Block 70

Condemned by the CRDA to make way for the SIMUD was City Block 72, where the Vermont and Metro Plaza apartment complexes, and the business and home of longtime resident Charles Birnbaum are located. According to Palmeri, the project's goal was to "spen[d] about $8 million or $9 million assembling parcels, demolishing property, clearing sites and creating development parcels within the South Inlet" with the ultimate objective of laying "the groundwork for some good development that will obviously require an improving economy to get done" (Huba, 2017).

After legal action was taken against the CRDA's taking the New Jersey Superior Court ruled in *CRDA v. Birnbaum*, holding that the CRDA's condemnation of the property was "a manifest abuse of the eminent domain power, and exceed[ed] the CRDA's statutory condemnation authority" denying the condemnation of these properties. The decision focused on the lack of explicit development plans for the site, concluding that the CRDA, instead of active economic development programming was engaged in "land banking" with no tangible or foreseeable public benefit (*CRDA v. Birnbaum*, 2016). Olga Polmar, Housing Preservation and Community Development Coordinator South Jersey Legal Services represented tenants of the Metro and Vermont Plaza apartment complexes, seen in Figure 6.7 as they faced condemnation. She explained that despite the invalidation of the CRDA's use of eminent domain, the negative impacts of this action were still felt by the community. Many residents left the neighborhood after the original condemnation and attempted evictions, often to areas outside of Atlantic City. In addition despite the Court's ruling the Birnbaum property was demolished.

Figure 6.7 Vermont Plaza apartment complex

As explained by Elaine Zemansky the CRDA utilized eminent domain only as a last resort after other negotiation fails. But through interviews with CRDA officials, another motivation for condemnation arises. According to Chris Howard and Lance Landgraf, the use of eminent domain within the South Inlet was partially motivated by the perception that land speculators and not residents owned large numbers of properties within the neighborhood. CRDA director, Chris Howard stated "the property owners there, for the most part, were always holding out for some mega casino project…. nobody wanted to sell because there was always going to be the next big project" (Howard, 2017). While as seen in Figure 6.4 there is a high number of properties owned by speculative investors in the South Inlet, complicating the CRDA's justification for condemnation is the lack of speculative investors found on Block 72. Instead of condemning properties owned by limited liability corporations (LLCs) or owners with out–of-town addresses, they condemned two housing developments for working African-American residents, originally built with CRDA funding, and the house and office of a small business owner whose family had lived in Atlantic City for over 50 years.

Practical Deliberation Analysis

1. Program Verification

The CRDA's use of eminent domain failed to acquire properties from speculative investors or create new economic development projects. Instead the CRDA engaged in a form of "land banking" acquiring properties while waiting for a developers to express interest in the vacant property. With the failure of the Revel project in addition to the City's fiscal crisis, it was the Court's opinion that the property would remain vacant without a public use to justify the condemnation. Solely acquiring land for a potential future project could not be viewed as a public good. To this extent, what Palmeri set out to do in laying the groundwork for good development failed, as little private interest in the South Inlet existed. Despite the Court's ruling, the CRDA still maintains that there is a demand for large development sites, thus justifying its use of condemnation.

2. Situational Validation

Facing the collapse of the casino industry and failure of the Revel Casino development after only two years, it seems unlikely that the large-scale condemnation of residential properties could remedy the social and economic ills faced by Atlantic City. Previously the CRDA had utilized eminent domain to assist the Revel Casino in acquiring the development site in addition it condemned property to expand the City's roadways to serve the anticipated traffic generated by the now shuttered casino. Even after this project's failure and the closure of so many casinos, the CRDA still considers eminent domain a viable redevelopment tool. During our interview Howard cited the Gateway project as an example of this demand for large development sites. While the project is set on a large 4-acre property, Howard's use of this project to justify the CRDA condemnation is not valid as the Gateway project is being constructed on a large privately owned property, which did not require eminent domain in its development. In addition with the closure of so many casinos, Atlantic City now has numerous large potential development sites that do not require the condemnation of residential property. Developments utilizing these types of large sites are already occurring as evidenced by the Boraie development, a large affordable and market rate apartment complex being constructed on a now defunct casino's former parking lot.

3. Societal Vindication

In examining the CRDA's use of eminent domain it is important to not only evaluate the anticipated development outcomes of the program, but also the impacts on those whose property was condemned and the South Inlet neighborhood on a whole. While the CRDA argued that condemnation was necessary to break the hold of speculative investors who owned property in the South Inlet, the reality was that the CRDA condemned a small business and two apartment complexes with a large working class African-American community. Although the New Jersey Superior Court struck down the condemnation, the Birnbaum property was demolished and many residents left the community.

Olga Polmar, represented the Vermont and Metro Plaza tenants during the Court proceedings and added an additional perspective to the CRDA's use of eminent domain. She contends that while eminent domain was unsuccessful at creating new large economic development projects, it was successful at removing poor and African American residents from the neighborhood. As Fainstein (2010) argues understanding whom beliefs from economic development policy is also crucial to evaluating a policy's effectiveness at creating economic development. Condemnation is a strong power of the State, which inevitably has winners and losers. In the South Inlet, the CRDA's use of eminent domain was implemented in the hope of selling the land to large private developers for the construction of new billion-dollar resorts and casinos. Through this exchange large private developers like Donald Trump, and Carl Icahn were set to benefit along with the State of New Jersey, which would receive large sums from the taxation of casino profits. In contrast the primarily working class tenants of those two affordable buildings were to be relocated as a result of the condemnation.

This decision to prioritize large developers and the State's revenue is a common theme in the economic development of Atlantic City, as Polmar stated: "planning is not always done with my clients in mind. They are always the first to be overlooked because they do not have the funding and resources to have a voice to stand up to these organizations, especially the State" (Polmar, 2017). Ultimately no one benefited from this project, the residents moved and this neighborhood of Atlantic City became increasingly hollowed out and vacant.

4. Social Choice

The CRDA's use of eminent domain in the South Inlet neighborhood was a highly unequal form of economic development. It placed a priority on large expensive development projects and State tax revenue over the development potential and livelihood of a forlorn and historically disenfranchised Atlantic City community. Similarly to the original "Pauline's Prairie" urban renewal scheme in the 1960's, which sought to redevelop the large and vibrant African American Northside neighborhood but failed, the South Inlet Mixed Use Development Project was ultimately unsuccessful at creating new development (Polmar, 2017; Johnson, 2010).

Reflecting on her work representing tenants against the CRDA, Polmar expressed a long held feeling by the community that the policies and projects implemented by the CRDA are as much about removing the African American community from the South Inlet as they are about economic redevelopment, or perhaps more provocatively a structural belief in New Jersey economic development practice that getting rid of this community is necessary to create new economic development. "[The State's interest] is to get rid of undervalued minority communities within Atlantic City. Making low income communities disappear, and replacing these communities with new development" (Polmar, 2017).

The use of eminent domain by the CRDA is neither compatible with social equity; nor is it appropriate for systemic change in Atlantic City. It ignores a historic and neglected community instead focusing on State financial and political interests. This policy remains committed to large billion dollar casino developments for economic development, even when there is no demand for this type of project within the city. In addition, the condemnation program actively opposes social equity and is understood by the community to be part of a larger historic urban renewal policy that has discriminated Atlantic City's African American community. As Polmar states, "planning is not neutral and things we construe as failures can actually be successes" (Polmar, 2017) Therefor CRDA's actions must be evaluated as economic development for specific interests and not for the whole of Atlantic City. While the CRDA failed to bring development to the South Inlet through condemnation it was successful at condemning a local community, a negative impact of its pursuit of economic development.

Ultimately the CRDA's use of condemnation in the South Inlet was a drastic and damaging policy, ruled illegal by the New Jersey Superior Court. It removed long-time residents in favor of large casino developers, whose developments "turn their back on Atlantic City", and encourage decline outside of their facilities in order to keep people gambling (Polmar, 2017; Atlantic City Resident, 2017). Moreover the CRDA's use of condemnation has historically contributed to the decline in residential housing stock, and the increase in speculative property owners; the justification cited for the CRDA's use of condemnation originally. As the State takes property, landlords interested in renting their property to residents are discouraged from maintaining their properties at the risk of condemnation and instead opt to sell their property to speculators.

Moving towards a critical approach to economic development planning the use of eminent domain must be scrutinized. Too often, particularly in Atlantic City it has been used to support private non-resident developers engaged in large unsuccessful casino developments, at the expense of Atlantic City residents who face eviction, and the loss of their small businesses. While large casinos have the potential to generate increased tax revenue for the State, they are not successful at expanding or developing the city's economy. Instead Atlantic City must seek to preserve the residential properties it has and encourage working and middle class residents to return to the city.

State Incentives

States utilize tax breaks, grant funding and a variety of other financing tools to incentivize economic development and promote investment in areas that are not being developed by the market. The provision of funds is intended to limit a project's risk, which would otherwise preclude development from occurring. State development entities create highly customized incentive programs aimed at attracting and retaining specific industries or promoting particular forms of economic development. Often these incentives also include performance metrics included to ensure projects that use incentives and public funds are going about development responsibly and in a manner deemed appropriate by the State (James, 1984). In Atlantic City, two distinct economic development agencies and incentive regimes are in place to promote development.

The New Jersey Economic Development Authority (NJEDA) incentivizes development through its Economic and Redevelopment Growth Program (ERG), a performance based tax credit provided to eligible developments that fit a variety of criteria, including specific "locational requirements" and that "demonstrate a project funding gap." Commercial development projects are also subject to "net benefit analysis to verify that the revenues the State receives will be greater than the incentive being provided" (NJEDA, 2014 p.4). The ERG program also includes performance requirements for projects including providing evidence of actual project costs and project completion. In 2014, Atlantic City was included as a Garden State Growth Zone, "extending various enhanced benefits" to the City, previously only provided to Camden, New Jersey (NJEDA, 2014 p.5).

The second incentive program is the CRDA's Investment Alternative Tax (IAT) for development projects which support CRDA goals and objectives. However since mid-2016, IAT funds have been directed to the City of Atlantic City to finance the City's municipal debt service (NJ Rev Stat 5:12-144.1, 2013). Unlike NJEDA funds, the IAT funds come from casino revenues, with each casino required by law to reinvest 1.25% of its yearly gaming revenue into redevelopment projects. The CRDA then utilizes these funds to support a variety of development goals through specific funds, including the $75 million Casino Hotel Expansion Fund that, since 1993, has "leveraged more than $1 billion in hotel expansion projects" (CRDA, 2017). Projects are eligible for IAT incentives if they cannot attract capital in "normal market conditions" and serve "pressing social and economic needs of local residents…" or are "public recreation and entertainment facilities, to promote the tourism industry" along and other economic development objectives (CRDA, 2017). Utilized in conjunction, the ERG and IAT programs have been utilized to assist the development of multiple projects in Atlantic City including the Tropicana Boardwalk Improvements, the Revel Hotel and Casino and Gateway campus. These projects have all had varying levels of success, with some contributing to the development of Atlantic City.

The Tropicana project doesn't reflect all development projects that have utilized ERG and IAT funding, but demonstrates the pressing concerns and ambiguities associated with these programs and New Jersey's existing economic development policies. In 2014, the Tropicana Atlantic City Corporation applied for both ERG and IAT incentives to develop a new project on the Atlantic City Boardwalk. The project, described in a NJEDA Grant Memorandum from September 11th 2014, included substantial facility improvements to the Tropicana Casino and Resort. The project included installation of a new outdoor interactive LED display, 7,350 square feet (sf) of new retail development, and a new 12,080 sf fitness center to be used by Tropicana guests.

As seen in Figure 6.8 the NJEDC's memo puts the cost of these improvements at an estimated $35 million, of which the State would contribute $4,849,075, or 14.5% of total cost, through the ERG program. CRDA contributed $1.5 million for façade improvements and an additional $17.3 million was contributed through IAT funding. The total State contribution to the project was $23,649,075 or 67% of the project's total need, leaving $11,350,925 to be covered by Tropicana (NJEDA, 2014).

Fig 6.8 Tropicana Retail Improvement Financing		
Entity	Funding Type	Amount (millions)
Tropicana Resort	Capital	$16.20
CRDA	IAT	$18.80
NJEDA	ERG Tax Credit	$4.80

In order to evaluate the project's economic impact the NJEDC conducted a net positive benefit analysis as per NJSA 19:31-4.5, in order to determine its eligibility for the ERG program. Its analysis concluded that the net positive benefit of the project would include 61 new full time positions, with an annual blended wage of $28,003 before benefits, and a yearly generation of

$1.7 million in payroll: in total the State would receive a total net positive benefit of $4.8 million over the 20 year term of the ERG tax credits a rate of return of about 1% per annum.

The CRDA also conducted an impact analysis to determine the project's eligibility for IAT. Unfortunately documentation of the IAT economic impact analysis for this project was not provided. Other IAT proposals, obtained through New Jersey's OPRA such as those for the Boraie and Gateway developments include little more than the developer supplied market research and the development pro-forma, and no economic impact analysis.

During an interview conducted with the CRDA Lance Landgraf, the CRDA's director of planning indicated that the Tropicana project was considered a success by the CRDA. Landgraf explained that "[Tropicana] really raised the bar completely… you go down, walk on the boardwalk and from here [CRDA offices] you can see their lights, those electronic LED boards" (Landgraf, 2017). As seen in Figure 6.9 the Tropicana Casino greatly expanded its Boardwalk level retail space and created a new entrance into its casino as part of these improvements.

Figure 6.9 Tropicana retail expansion

While Landgraf provides anecdotal evidence of the project's success as a beacon for tourist visitors, the lack of clear economic development evaluation conducted by the CRDA is concerning, especially considering its substantial $18 million (51% of total project costs) investment in the project. Christopher Howard, the CRDA's executive director, explained that "economic development is tricky math" and that the CRDA utilizes "generally accepted principles in computing economic development impact" (Howard, 2017), but could provide no detail as to the specific types of analysis conducted by the CRDA to determine the net impact of the Tropicana project, or other projects funded by the IAT.

Howard and Landgraf did elaborate on the procedure by which a project's economic development potential is analyzed: "first the[the applicant] presents a market study to our staff… we then vet it with Chris [Howard], with the executive director, the applicant then comes in and meets with Bunny [Rexley, Director of Real Estate & Development], then after these meetings Chris will come in and say 'Okay, this is a project where we can at least vet out'" (Landgraf, 2017). After this vetting process the CRDA then typically goes over the developer's pro-forma and market research, but as Howard noted what they are looking for in a project "really depends on what the project is." When asked about what occurs after IAT funding has been provided, specifically regarding what types of evaluation are completed to determine a project's success, Howard explained that "CRDA funding generally has no strings attached, aside from benchmarks they have to meet, like construction of the project, or like a completion date" (Howard, 2017). These responses demonstrate the lack of measures in place to evaluate the success of development projects or ensure that specific projects are the best use of the substantial state-controlled money being provided. Moreover the lack of post-development evaluation prevents the CRDA from learning where projects potentially were unsuccessful and how to correct or better vet future development projects.

Practical Deliberation Analysis

1. **Program Verification**

The incentives provided for the Tropicana property improvements resulted in the construction of the additional retail development, a fitness center and boardwalk LED signboard. According to Landgraf, this project was successful because the LED boards now make the casino a larger attraction and improve the utilization of the southern portion of the Boardwalk, which has been in decline since the closure of other casinos in the area. In addition the project has been successful at creating an increased number of jobs for Atlantic City as outlined by the ERG net benefits analysis conducted by the NJEDA. Therefor the program successfully met its verification goals of creating new jobs and building new commercial space.

2. **Situational Validation**

Steadily decreasing gaming revenues and the closure of multiple casinos since 2014 have contributed heavily to the contemporary economic collapse of Atlantic City. The goal of the 2012 Tourism District Master Plan was to transition away from gaming as the primary source of revenue and to increase tourism from non-gaming activities such as shopping and other attractions. In this effort, the Tropicana project has made a positive contribution because it improves the amenities provided to tourists through additional retail opportunities. However, the project remains tied to the precarious casino economy and reliant on the overall success of the Tropicana Casino. While the creation of additional retail amenities, outside of casino gaming, is validated as an appropriate remedy to the ills facing Atlantic City, in context the overall reliance on casino success invalidates the project's potential for success and overall ability to address the larger economic challenges faced by Atlantic City.

3. Societal Vindication

Societal vindication seeks to evaluate a project's overall value as a solution to economic decline (Fischer, 1992). Utilizing this criterion for evaluation, the Tropicana project's overall contribution is very low and highly unequal in whom it supports. As articulated in the NJEDA's net positive benefit analysis, the project's benefits include 61 new jobs with an annual blended wage of $28,003. While an improvement from zero jobs, the project does little to provide real opportunities for those employed beyond potentially qualifying for public assistance; a lackluster result considering the substantial economic development incentives that were put into the project. With a blended wage of $28,003 per job the 61 persons employed would on average receive $38 less than the 2012 Atlantic City median income of 28,041, which is already 2.4 times less than the New Jersey median income at the time of evaluation in 2012. In addition the NJEDA stressed that the City's median wage is already precariously low primarily due to the collapsing casino economy (NJEDA, 2014). The project's average pay is only 51% of Atlantic City's 2015 area median income (AMI) of $54,052 and only 38% of New Jersey's AMI (US Census Bureau, 2015).

Analyzing the amount of subsidy provided per job demonstrates an extreme imbalance in incentives awarded versus economic development returned. The $23.6 million total in economic development incentives provided by the NJEDA and CRDA combined amount to a government expenditure of $387,689 per job created, 13 years of employment at the project's average wage, or seven years of employment for each worker at the Atlantic City AMI. In total from the provision of these incentives, the State anticipates a total return of $4.8 million from its expenditure of incentives over the 20-year life of the ERG tax incentives and includes no community benefits agreement or other economic development provisions.

Societal vindication also requires an analysis of whom this project benefits. From exploration of the wage distribution of the project, Atlantic City workers are not included as beneficiaries. Little is done to improve the condition of workers already considered low income by the NJEDA who at best are potentially eligible for public assistance while working. Beneficiaries of this program include the Tropicana Casino, which can now generate increased revenue from the new retail spaces and bring new tourists to the casino and the State that assisted in the creation of 61 new jobs and will receive an additional $4.8 million in tax revenue over the term of these tax credits.

4. Social Choice

The Tropicana's project is incompatible with larger issues of social equity and systematic change faced by Atlantic City. With the City's fiscal crisis, skyrocketing residential property tax evaluations, and the collapse of the casino economy, continued State investment in casino-based development is neither certain to be successful, nor does it promote new types of economic development. The Tropicana project provides new revenue for the struggling casino while providing poor wages at great cost to the State.

From the social equity perspective, the Tropicana project also fails to promote economic development: as the employment opportunities provided are not substantial enough to warrant State investment. Analysis of average wages indicates that the jobs created are far from sustainable or stable. First, the seasonality of the tourism industry means positions are often laid off in the fall and rehired again in the spring, creating inconsistent and unstable employment. Second, the provided wage falls substantially below the Atlantic City AMI and does little to create new economic opportunities for low-income residents. The State subsidy for this project is quite large compared to the number of jobs created and provides no guarantees that the project will remain successful over the lifetime of the incentive. Instead, it utilizes state funds to subsidize a failing economic model without significant economic analysis to justify the incentive.

The State of New Jersey has placed a significant amount of effort into providing opportunities for economic redevelopment in Atlantic City. Both through the CRDA and NJEDA, significant amounts of State controlled funds and tax breaks exist to provide developers incentives to engage in projects that will improve the economy and provide opportunities to reorient and revitalize the city's economy. Unfortunately the funds provided are not being utilized efficiently, resulting in the State's expenditure of significant financial resources on projects that do little to improve the economic condition of residents or cause a systematic shift in the city's economy away from casino development towards a more sustainable and diverse economy.

Moreover, State economic development entities failed to adequately coordinate different incentive regimes such as those used at the Tropicana. In this project, the State, through its various entities, provided 67% of the project's expenses $18 million in grant money and another $4.5 million in tax credits. While the NJEDA analyzed the project funding need and total eligible costs, it did not consider the IAT funding when determining the project's eligible need, thereby, greatly inflating the amount of funding provided to the project.

Crucially, the provision of IAT funding by the CRDA lacked any economic impact analysis to determine project eligibility for funding and further provided incentives without a clear understanding of the projects economic impacts and social purpose. Both in the project vetting process and economic benefits evaluation, the CRDA lacks consistent and objective criteria for economic impact analysis, instead relying on the market analysis provided by developers to justify project support. These issues have led to the allocation of substantial IAT funding to projects without a coherent development strategy that can be evaluated or modified based on past successes and failures, instead the CRDA relies on private developers to set and frame a projects potential economic impact.

State funding as formerly provided by the CRDA's IAT and currently provided by the NJEDA ERG do little to guarantee community or economic benefits from the development projects they fund, instead relying on developer supplied market research and financing documents to determine a project's viability and eligibility for funds. While this analysis may support a project's financial viability in a limited context, it does little to establish a project's potential contribution to economy development. Additionally, the State does nothing to include any economic development goals or programming into the ERG or IAT requirements instead it allows applicants to provide minimum public benefits at great private benefit. With such large amounts of funding being provided for these private projects, the State should include more public benefits into these incentive programs, such as providing a living wage.

Public Private Partnerships

Beyond traditional urban renewal programs and incentive regimes, economic development practitioners now engage in public private partnerships (PPP) which seek to leverage synergies between public powers and private capital to create new mixed use projects that include large public benefits (Blais, 2007 p.682) in contrast to incentives, which attempt to spur private investment through public spending.

PPPs combine unique advantages available only to public entities, such as low interest loans, municipal bonds and tax exemption with private advantages such as access to capital and professional expertise in order to create opportunities for both corporate profits and public benefits. PPPs can be contentious as they create profit motives from public interest but even detractors such a Stephenson (1991), who criticized PPPs efficiency and equity, do not preclude them from being successful economic development vehicles (Larken, 1994 p.1). Additionally PPPs “distribute shared risk and responsibility in a more balanced way [than traditional public-private agreements]… PPPs also extend to potential financial benefits generated from the arrangements” (Opp & Osgood, 2013 p.131) creating new financial benefits to a project otherwise inaccessible to either the public or private party.

Seen in Figure 6.10 currently under construction, Atlantic City’s “Gateway” project is a complex partnership between a number of public and private entities, creating a four-acre mixed-use redevelopment project in Atlantic City’s Chelsea neighborhood. The Gateway project’s main tenant and primary public partner is Stockton University (SU), a public university located across Absecon Bay in Galloway, NJ. Once complete in fall 2018, Stockton will operate a full branch campus, including a 533-bed residence hall, 56,000 sf of programmable academic space, 2,600 sf for a “coffee shop concept” and 5,000 sf for a restaurant or other student focused retail. Adjacent to the Stockton facility South Jersey Gas (SJG) is constructing a new corporate headquarters on top of an 870 space-parking garage. In addition to these two entities, the PPP also includes the private non-profit AC DevCo, which owned the development site and serves as the construction manager during the build out phase of the development.

Figure 6.10 Rendering of the Gateway Campus provided by Stockton University

Typical of PPPs project financing is highly complex and expansive arrangement relying on “a patchwork of public and private financing” which is broken down by agency, amount and type of funding in Figure 6.11 (Jackson, 2017)**.** The Gateway project seeks to become an “anchor institution” for the Chelsea neighborhood bringing new investment and activity to the southern section of the City. SU already has a substantial presence as explained by Brian Jackson, the Chief Operating Officer for Stockton’s Gateway Campus, through its provision of higher and continuing education programs in the city and as a key sponsor of the City’s Arts and Culture district in the Ducktown neighborhood. In Jackson’s view this large expansion will continue SU’s long-term commitment to Atlantic City.

Fig 6.11 Gateway Financing		
Entity	Funding Type	Amount (millions)
Stockton University	Capital	$18
South Jersey Gas	Capital	$44
NJEDC	Tax credits	$70
NJ Higher Education	Grant	$22
Atlantic County Improvement Authority	Lease Revenue Bond	$51
AC DevCo	Capital & Property	Unknown
	Total Cost	**$220**

In the programing the Gateway Campus, SU developed a set of goals and outcomes, it hopes to achieve as the project comes online. First, SU intends to hire Atlantic City residents as much as possible, which it has already begun doing through a training program managed by the construction company, which hired "15 individuals from AC and put them through an extensive training program so they can be construction workers" (Jackson, 2017). In addition to future workers hired by SU, SJG will provide, increased opportunities for local employment at a variety of wages and skill levels.

Another economic development component of the Gateway project can be found in its dormitory programming. All 538 dorms will be 'apartment style', and include full kitchens allowing students to live independently. In addition, leases for these apartments will be for 12 months instead of the more traditional 9-month academic year enticing students to live year-round in Atlantic City. As Jackson explains this programming was an intentional part of the large redevelopment project. "[The campus] is engaged year round, we are linked to the community. We didn't want to come in and fence ourselves off from the rest of the community… that's not who we want to be, that's not who we are" (Jackson, 2017). The elimination of dining services and provision of full kitchens in the apartments will require students to shop in local supermarkets, and go out to local restaurants, promoting spending off campus in local businesses.

To complement its economic development programming Stockton is also developing extensive educational programs that focus on community engagement and the creation of professional opportunities for students through work training at a variety of businesses, including SJG and AtlantiCare, the regional hospital. Jackson explained, “we see the opportunity of having a larger physical presence here as an opportunity to really expand the kinds of community work we can do here in AC. Our students are really into that… we have a reputation for community engagement”. Further Gateway will expand opportunities for higher education for low-income residents who cannot afford to leave the city to access higher education. Jackson elaborated, “We want residents of AC… to know that there is an opportunity to be educated here… this gives them an opportunity to see a future for themselves as future SU students”.

Practical Deliberation Analysis

1. Program verification

The Gateway project is programmed to expand educational opportunities for Atlantic City residents as well as bring a new student population to the city. The project also brings SJG’s headquarters to Atlantic City, along with 8,000 sf of retail development. The goal is the creation of a new vibrant educational and professional community in the Chelsea neighborhood; implementation also focuses on creating a variety of private development opportunities in coordination with SU and the larger Gateway campus. The design of campus spaces promotes opportunities for the community to engage with the campus and new population. Further, SU has the goal of becoming an anchor institution within Atlantic City, generating increased public and private investment in the area adjacent to campus and around the whole city. Already since the project started, it has sparked interest from other developers including the renovation of a nearby building which will become one of a few market rate housing developments in Atlantic City.

2. Situational validation

Facing casino closures and skyrocketing residential property evaluations Atlantic City is in dire need of a shift in its economy away from casinos and tourism. Diversification of the economy is paramount for the city to recover from its current financial crisis and steep decline. The Trump Taj Mahal's closure in 2016 caused 3,000 people to lose their jobs, increasing the already high unemployment rate (DeAngelis, 2016). Figures 6.12 quantifies the fluctuation in Atlantic City's unemployment rate since 1970 and the legalization of casino gaming in 1976, through the 2008 financial crisis. Figure 6.13 quantifies the quarterly fluctuation of the City's unemployment rate, which shifts dramatically throughout the year with the unemployment rate peaking during winter months and decreasing during the busy summer season.

Unlike other development underway, which relies on tourism and the casino economy, Gateway seeks to expand economic opportunities to a number of other sectors, including professional services and advanced education. This diversification is desperately needed and Jackson's hope is that the Gateway project will be able to rectify both the job and income imbalances, which have become retrenched in Atlantic City over the past 10 years.

Fig 6.12 Atlantic City Unemployment Rate 1970-2017

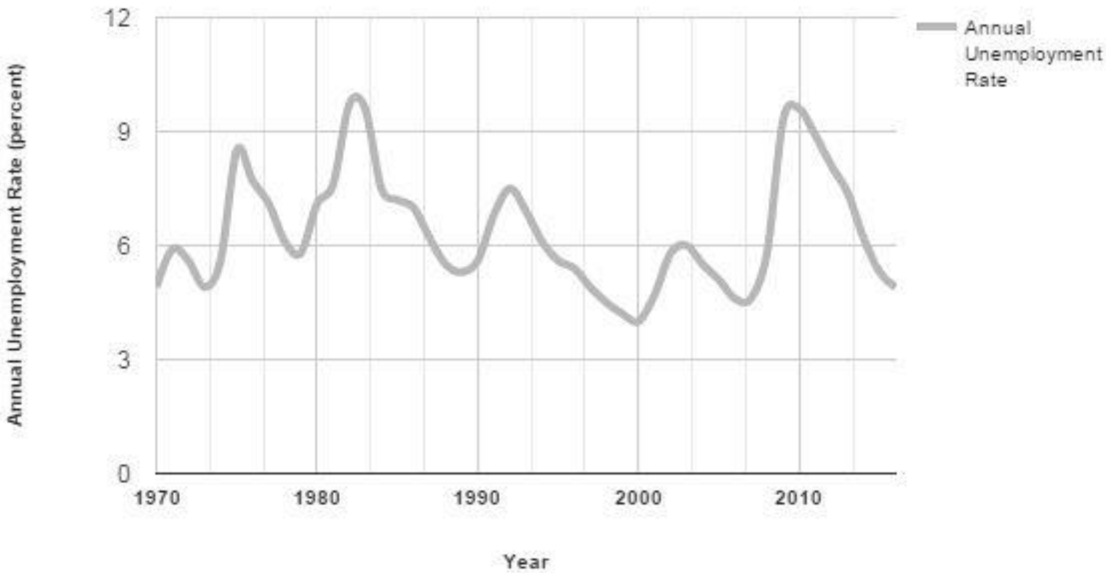
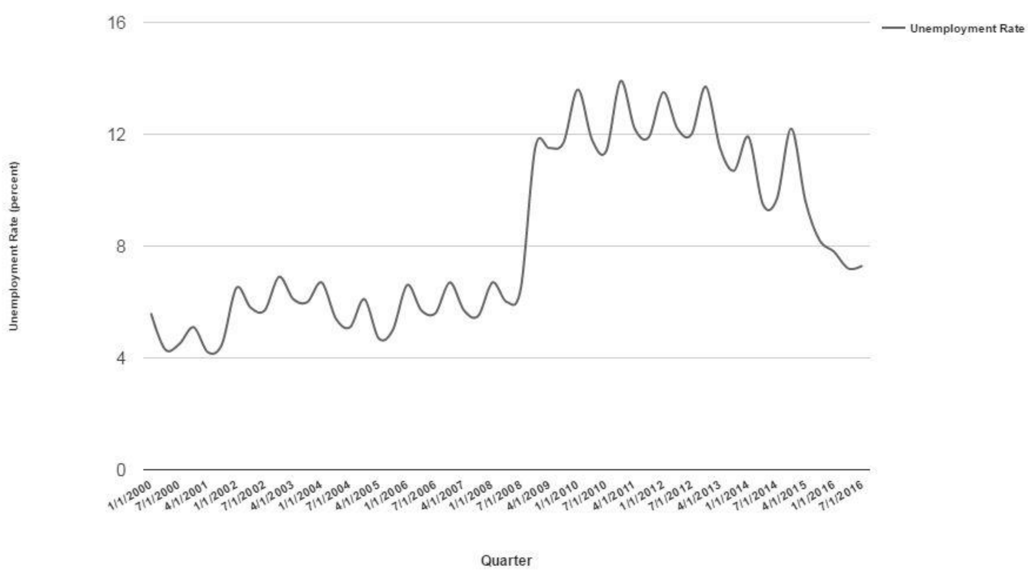


Fig 6.13 Atlantic City Quarterly Unemployment Rate



An additional goal for Gateway is the regeneration of Atlantic City as a vibrant and active city, where people enjoy the city and its public spaces, as opposed to the current condition where visitors remain in casinos and feel unsafe walking around the city. To Jackson, a consequence of the city's economic hardship and decline is a culture of hostility. With renewed investment and new community engagement programs, Jackson hopes some of this hostility and the public safety issues felt by city residents will be reduced and give way to a vibrant social culture. Jackson pointed out his office window to the empty and trash strewn O'Donnell Memorial Park, and outlined work underway to improve the park, "we want to fully re-engage the park… it's very under-utilized, so we have students working with me to come up with concepts about how we can re-engage the park. We want people on the streets, it gives people a sense of community and safety" (Jackson, 2017). As Jane Jacobs outlines in *Death and Life of Great American Cities* Jackson believes the Gateway project can contribute to a social society within the city providing more eyes on the street, as well as, programming to reverse the sense of institutional abandonment felt by many Atlantic City residents.

3. Societal vindication

Gateway seeks increased opportunities for education in Atlantic City. For many years the city had experienced bran-drain as few, who left the city seeking higher education, return to live and work. As stated by one resident "increasingly Atlantic City has less of a talent pool to pull qualified leaders from, anyone from the City who could go onto do great things does so somewhere else" (Atlantic City Resident, 2017). To counter this, Gateway will provide opportunities for city residents and new students to learn and receive advanced degrees within the city. The focus on engagement opportunities for students and the community could create new investment in the city and provide students and young adult's opportunities to advance professionally within the city.

Gateway will create new jobs on site and expand and promote redevelopment around the adjacent neighborhood, which has already begun with Stockton receiving expressions of interest from private firms seeking to create opportunities in conjunction with Gateway. Ultimately the Stockton partnership aims to generate a new group of educated Atlantic City residents as well as opportunities for non-casino based job growth, significantly contributing to new social organization within the city.

4. Social choice

The Gateway project seeks to bring systematic change to the city in three distinct ways: First, it intends to introduce a new economic sector and jobs outside of the casino industry. Service jobs not tied to seasonal tourism will instead focus on a year round industry potentially breaking the cycle of seasonal unemployment and limited job security faced by city residents.

Second, Gateway will increase opportunities for education in Atlantic City, previously inaccessible to many. Atlantic City suffers from extreme brain drain with few opportunities for higher education, which has resulted in a small pool of professional or skilled workers within the city. With increasing frequency positions that require high-educations are being filled by non-residents commuting into the city for work (Jackson, 2017; Howard, 2017; Atlantic City Resident, 2017). New educational programs at SU should provide a stronger native professional workforce within the city.

Third, Gateway seeks to anchor private development in the Chelsea neighborhood, and its programming is directed towards creating opportunities for redevelopment. Unlike redevelopment plans focused on highly insular casinos, Gateway seeks to be an open campus with amenities for both students and the existing community. Jackson makes it clear that creating a community that utilizes these new public amenities in productive ways is a major goal of the project.

In comparison to the use of eminent domain and the provision of state incentives this PPP serves as an example of progressive and comprehensive economic development. The approach to this project was both as an individual site development, and as a larger portion of the development of the community and city. It also shows that state funds are still absolutely vital to the implementation of good development projects, but that the State needs to be engaged and active in creating and supporting this type of economic development projects, as opposed to other types it has previously funded.

While there is hope for the Gateway project to be a success, particularly in comparison to other recent development within the city, as Brian Jackson discussed this is only one project of many which are needed to truly revitalize Atlantic City's economy and make it a successful community. Gateway should be a beginning, but it cannot start and end here.

Recommendations

Since the legalization of casino gaming in the 1970's the State of New Jersey has been in a process of constant intervention and adjustment with the economy of Atlantic City. Each decade has brought a new development strategy, entity, or policy intended to fix the shortcomings of those that came previously. Yet without the necessary critical approach to evaluating economic development practices these interventions have resulted in the creation of new development challenges to be surmounted at the expense of vast government funds. Instead of continuing 40 years of mistakes and mishaps a new strategy for economic development based on a holistic evaluation of the State's previous economic development practices is required.

Many of the policies implemented after 2011 repeat the failures of the previous decades, with the CRDA constantly trying and retrying development strategies with the same results. Recent use of eminent domain by the CRDA mimics what was done during the 1990's to support the development of the Trump Plaza Casino. In both *CRDA v. Birnbaum* and *CRDA v. Banin* the condemnations were ruled illegal by the State superior court, but still resulted in the closure of Atlantic City businesses. In response to the failure of casino driven economic development the CRDA's most recent efforts to create a new State-controlled Atlantic City Tourism District is trying to bring Atlantic City's economy back to the 1960's before gambling was legalized, the failure of which was the impetus for legalizing casino gaming during the 1970's. All of this indicative of the inability for the CRDA as an economic development entity to evaluate or reflect on its previous successes and failures in order to improve and adapt its economic development policy. Instead falling to the same flawed methodology utilized in previous decades. Economic development goals of creating new jobs, raising property values, and creating State revenue must include more substantial theoretical and analytical basis in their implementation, which has been lacking in New Jersey's economic development policy in the city over the past 40 years.

After studying the use of urban renewal, state incentives and public-private partnerships as strategies for economic development, it is clear that substantial changes to the economic development policies undertaken in Atlantic City need to occur if the city's economy is to stabilize and grow. The State of New Jersey, as the primary entity involved in the economic development of Atlantic City needs to undertake the following recommendations if it seeks to improve Atlantic City's economy and resolve the City's current fiscal crisis.

Recommendation 1. The State must transition Atlantic City's economy away from casino gaming and casino tourism.

Recent failures of the casino industry coupled with its damaging relationship to Atlantic City workers and residents makes it clear that this 40 year grand experiment in economic development has failed. Further, the city cannot rely on new casino-based tourism to bring back the economy. While there has been a move away from gaming to tourism the location of the activities remains focused on casinos, designed to promote gambling and whose primary business is gambling. In addition the seasonality of this tourist economy creates inconsistent growth and employment, with summer peaks and winter troughs. Instead, those engaged in economic development must to seek out opportunities for year-round employment including those offered by institutions like Stockton University, South Jersey Gas, Atlantic City's Aviation Research Center and other opportunities that may arise.

Crucial to redevelopment is the diversification of the economy in order to protect the city from industry-specific shocks, and provide expanded opportunities for community wide growth.

Economic development policy and planning should instead focus on increasing the community's economic capacity by supporting a living wage, providing new training, and programs for educational advancement.

The Gateway project serves, as a strong example for how economic development practitioners must think about new public and private development projects in the larger community context. As Brian Jackson indicated Gateway was planned both as a university campus, and to be an anchor institution for the further redevelopment of Atlantic City. The partnership, which developed the project, understood that there were many ways that the project could contribute to the community. Included in the Gateway project are new community benefits including public space improvements, such as new programming for the Memorial Park, a local jobs training program and expanded educational opportunities for Atlantic City residents and workers. In contrast to the Tropicana Boardwalk improvement project, which only expanded the revenue opportunities for the singular casino, Stockton and the AC DevCo seek to actively improve the future health and prosperity of the city's economy and community.

Recommendation 2. The State of New Jersey must stop prioritizing growth and increased tax revenue in favor of an economic development strategy that focuses on creating large community benefits and opportunities for community wide economic advancement. New State development programs must avoid contributing to the City's economic and financial problems and instead seek to address the negative effects of the State's 40 year mismanagement of Atlantic City's economic development.

Recommendation 2a. New Jersey must stop utilizing condemnation to support large private casino development in Atlantic City.

The CRDA's use of condemnation to support large casino developers has failed to bring substantive economic development to Atlantic City, instead this policy has damaged Atlantic City's neighborhoods. In the 1990's, it was used to build Donald Trump a limo staging area and small-planted grassland; most recently it was used to condemn property for nebulous public benefit tied to large private casino development. In both instances, it was challenged in court and determined to be an illegal taking, damaging the effectiveness of the CRDA, which is now locked in a legal battle against the community. Moreover, in both instances small businesses, owned by long-time residents were condemned in favor of large corporate developers or the hope of large corporate development. Further, the use of eminent domain has contributed to the drastic decline of the city's housing stock and departure of working and middle class residents to Atlantic County's suburbs or other regions entirely. Without these groups returning to the community, Atlantic City will never be able to rebuild a strong diverse economy of professionals, small business owners and workers.

While the CRDA contends that condemnation is needed to create large development sites for substantial projects there are other ways for the CRDA to utilize this power responsibly and without some of the substantial negative impacts, which have come out of its recent use. First, with the closure of so many casino developments the city already faces a glut of large and disused development sites that sit on prime ocean front property. Both the Gateway project and new Boraie residential development utilize these types of sites formerly controlled by casinos without the need condemn blocks of residential property for their creation. It should be a priority of the CRDA to reclaim and reuse these now-shuttered casino sites for economic development purposes, before the condemnation of residential properties owned and lived in by city residents.

Second if eminent domain is to occur in Atlantic City, the State must include protections for Atlantic City residents, particularly protection from skyrocketing property assessments based on speculative property ownership. The history of extreme property speculation based on large project condemnations has consistently contributed to the decline of the city's residential communities. The imbalance between the use and exchange value of casino adjacent property must be reduced in order to maintain a robust and affordable residential housing market. Too many middle class residents, who could contribute to the expansion of Atlantic City's economy, have been displaced by this process and now cannot afford to live within the city.

Crucial to creating a strong economy in Atlantic City will be the rebuilding of those working and middle class communities. This can only happen when the city has a stable residential property market protected from land speculators and the skyrocketing property taxes currently faced by residents, which have come as a result of the failures of casino development. Those engaged in economic development, including Chris Howard and Brian Jackson, cited these issues as being the prime barriers to creating renewed interest in the city as a place to live.

Recommendation 2b. The State must develop and coordinate a consistent and unified economic development strategy in Atlantic City that includes robust and systematic analysis of the potential economic impacts and outcomes of economic development projects. This strategy should also include explicit community benefits agreements to be included in any development project funded by the State of New Jersey or which utilizes any funds controlled by the State.

Currently State development entities including the CRDA and NJEDA lack the coordination to ensure State funds are being used efficiently and effectively. Limited coordination of funds has allowed large private projects, such as that at the Tropicana to be majority funded by the state with little public benefits or State oversight. Both the NJEDA and CRDA provide significant economic development funding, but this lack of coordination, and robust development analysis has allowed for significant funds to be used on projects without robust vetting or economic analysis of potential success or community returns.

In principal the purpose of State incentives, grants, and tax credits is to assist the funding of projects, which would not have been successful otherwise, to be developed. However, when the State supports a majority of a private development's costs without a clear vision for how economic development should occur, or a method to evaluate the impacts of a project, the State is unable to determine which development projects are worth the expense of State resources and which are not, instead funding both the good and the bad. The State's lack of coherent evaluative methods, or a comprehensive vision for what it can achieve through its economic development entities, has allowed the State to provide substantial funding for subpar economic development projects such as the Tropicana improvements or Margaretville beachside bar, which do little to improve or change the economic condition of Atlantic City.

Recommendation 3. The State of New Jersey should return municipal control, including economic development and land use planning to the City of Atlantic City. Since the legalization of casino gaming in 1976 New Jersey has created various agencies to control substantial aspects of the city's economy, planning and economic development. Critics of the State's involvement cite casino gaming as a larger win for the State than City, with Trenton collecting revenues from its taxes on casino profits for education and other government projects, at the expense of the city which hosts these casinos and has felt the negative impacts of the casino economy most severally.

Beyond the State's mismatched financial interest in Atlantic City there is skepticism surrounding the current administrations intentions in Atlantic City. Considering New Jersey's record of favoring corporate development and developers over the working class, poor and African-American residents of Atlantic City many community representatives are concerned that the economic development programming currently undertaken by the State are not in the communities best interest, but instead the interests of corporate developers and State politicians profiting off of Atlantic City's misfortune and mismanagement.

Bringing economic and land use controls back to the City would allow the community to determine how the City should undertake economic development. Consistent involvement by the State in the Northside and South Inlet indicate that the City's African-American community is not a priority of the State in contrast to large developers and real estate projects and this imbalance between popular and political interest justifies the return of power back to the City. Considering the precarious financial position of the City due to a history of bad and unexamined State policies it is vital that the community is able to find itself a new economic path without the constant intervention of Chris Christie and Trenton.

Conclusion

New Jersey's use of economic development planning within Atlantic City serves as a prime example of the difficulties encountered by economic development practitioners, as both experts engaging in professional planning and participants in the highly political process of economic development. In Atlantic City like across the United States the highly ambiguous nature of economic development means programming is often developed with good intentions, but with bad measures. Without coordinated development vision or a robust framework to evaluate the economic viability of development policies, development entities such as the CRDA are able to approve substantial development projects with dubious merits or ulterior political motivations.

As an extension of the State economic development entities must also engage in a political process that prioritizes certain types of economic growth over more comprehensive forms of community economic development. The result of this political pressure is the promotion and development of politically appealing projects, which lack substantive theoretical backing. This precarious position is seen in Atlantic City where the State support of the casino economy has been legislated as the primary goal of the CRDA, even though the casino economy has failed to bring substantial economic benefits to Atlantic City.

To be effective at creating substantive economic development, practitioners must take on a more critical and holistic approach to economic development planning, instead of a highly politically motivated form of economic development practice. This approach would seeks to evaluate the impacts and consequences of potential development projects, understanding that evaluation must include negative impacts and outcomes as well as those which are positive. Planners must also review previously implemented development practices in order to evaluate their success, both in the short term after implementation, but also over the course of the incentive offered.

Development planners utilize strong state powers and large amounts of public funds to create economic development, there for it is important that these substantive analysis and evaluation are included as good governance practices in economic development and policymaking. The expansive powers given to economic development entities, including the CRDA, must require substantive evaluations of policy to ensure that these powers are being used in the people's best interests and not for ulterior motivations. Economic development entities should not have cart blanche to enact development policy without substantial evaluation and analysis of policy effectiveness. Finally including critical analysis into economic development planning is critical to ensure economic development does not privilege or prioritize the specific interests of groups other all others within a community. Instead the vast powers of economic development planning should be utilized to increase opportunities for communitywide success and redevelopment.

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